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CARLSMITH BALL LLP

A LIMITED LIABILITY LAW PARTNERSHIP

121 WALANUENUE AVENUE

P.O. BOX 686

HILO, HAWAII 96721-0686

TELEPHONE 808.935.6644 FAX 808.935.7975

WWW.CARLSMITH.COM

LAND USE COMMISSION
STATE OF HAWAII

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808..935-6644

SLIM@CARLSMITH.COM

059126-00001

August 30, 2006

Anthony J. H. Ching
Executive Director
Land Use Commission
P. O. Box 2359
Honolulu, Hawaii 96804-2359

Re: LUC Docket No. A02-737
Annual Report by University of the Nations Bencorp,
now known as AEKO Hawaii
Tax Map Key Nos. (3) 7-5-10:85 and 7-5-17:06

Dear Mr. Ching:

The Land Use Commission issued its Findings of Fact, Conclusions of Law, and Decision and Order in State Land Use Commission Docket No. A02-737, on August 8, 2003 (the "**D&O**"). The Petitioner in the D&O was the University of the Nations Bencorp ("**Bencorp**"), a 501(c)(2) non-profit benefit corporation for the University of the Nations (the "**University**"). Subsequent to the filing of the D&O, Bencorp changed its name to AEKO Hawaii ("**AEKO**"). AEKO will be submitting a Motion to Change Petitioner's Name shortly. Now, in compliance with Condition No. 17 of the D&O, AEKO hereby submits its annual report for 2004, 2005, and 2006 for TMK Nos.: (3) 7-5-10:85 and 7-5-17:06 (the "**Subject Property**"), discussing compliance with the substantive conditions of approval, listing in order the governmental "Condition" and AEKO's "Response."

History of the Project

In the D&O, Petitioner Bencorp was granted a State Land Use Boundary Amendment to reclassify approximately 62 acres of land situate at Waiaha 1st, Kailua-Kona, District of North Kona, County and State of Hawaii, from the Agricultural Land Use District to the Urban Land Use District to allow for the development of the Hualalai Village condominiums, a multi-function Cultural Center, and a five-acre Educational Facility (the "**Original Project**").

On May 1, 2005, the Board of Directors of Bencorp adopted an amendment to change its corporate name from University of the Nations Bencorp to AEKO Hawaii. New members to the

AEKO Board were appointed, as follows: Wes Reinheller, Warren Israelson, Ernie Wouters and Dwayne Betsill. On May 18, 2005, AEKO filed its Articles of Amendment to Change Corporate Name in the Business Registration Division of the Department of Commerce and Consumer Affairs of the State of Hawaii.

AEKO, together with Loren Cunningham, the founder of the University, determined that the Original Project, with its commercially driven (Hualalai Village condominiums and Cultural Center, was not in keeping with the purpose, mission and needs of the University, and that the educational facilities planned under the Original Project were insufficient for the current and projected needs of the University. For that reason, the Original Project was revised and now consists of a Staff Housing Community, Student Village Apartments, and Expanded Academic and Recreational Facilities (the "**Revised Project**"). AEKO will be seeking approval from the Land Use Commission for the Revised Project by filing a Motion to Amend Findings of Fact, Conclusions of Law, and Decision and Order in Docket No. A02-737 ("Motion to Amend"). AEKO believes that the Revised Project continues to be in substantial compliance with the representations made to the Commission in Docket No. A02-737, is more in keeping with the important mission and purpose of the University, and will have significantly less impact on the surrounding area than the Original Project.

In light of the aforementioned changes, AEKO has not begun work on, or fully complied with, certain of the Conditions in the D&O. That said, please accept this annual report on behalf of AEKO. Regarding compliance with the conditions of the D&O, AEKO, as Petitioner, offers the following:

Compliance with Conditions of Approval for Docket No. A02-737

Condition 1

Affordable Housing. Petitioner shall provide affordable housing opportunities for residents of the State of Hawaii in accordance with applicable housing requirements for the Project of the County of Hawaii. The location and distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between the Petitioner and the County of Hawaii.

Response: Petitioner will comply with the foregoing Condition as it applies to the D&O, or any amendment to such D&O.

Condition 2:

Drainage Improvements. Petitioner shall design and construct on-site and regional drainage improvements required as a result of the development of the Reclassified Area to the satisfaction of the State Department of Health, the Commission on Water Resource Management

of the State Department of Land and Natural Resources, and the County of Hawaii. The Petitioner shall prepare a Drainage Study meeting with the approval of the County of Hawaii Department of Public Works. The Drainage Study shall consider regional drainage issues.

Response: Petitioner will comply with the foregoing Condition as it applies to the D&O, or any amendment to such D&O. On-site drainage improvements for the developed area have been completed. *to satisfaction of DLNR? X*

Condition 3:

what about the Drainage Study to satisfaction of DPW?

Public School Facilities. Petitioner shall contribute to the development, funding, and/or construction of school facilities for the Project, on a fair-share basis, as determined by and to the satisfaction of the Department of Education. Terms of the contribution shall be agreed upon in writing by the Petitioner and the Department of Education prior to seeking building permits for any portion of the Reclassified Area.

Response: Petitioner will comply with the foregoing Condition as it applies to the D&O, or any amendment to such D&O.

Condition 4:

Water Resources. Petitioner shall provide adequate water supply facilities and improvements or equivalent funding to accommodate the Project. The water supply facilities, improvements and/or equivalent funding shall be coordinated and approved by the Commission on Water Resource Management of the State Department of Land and Natural Resources, and the County of Hawaii Department of Water Supply.

Response: Petitioner has 297 water credits available. Engineering consultants working for the University are currently working with the Department of Water Supply, Engineering Division, regarding the master plan for TMK Nos. (3) 7-5-10:85 and 7-5-17:06. Alternative transmission line layouts and storage tank locations are being evaluated. University engineers are working to define a water agreement that is mutually acceptable to the University, the Commission on Water Resource Management of the State Department of Land and Natural Resources, the County of Hawaii Department of Water Supply, and adjacent landowner. Petitioner will replace the two 500,000 gallon water tanks on the Subject Property with a 1.0 million gallon tank to be located further south on the Subject Property.

Condition 5:

Wastewater Facilities. Petitioner shall provide adequate wastewater treatment, transmission, and disposal facilities for the Project as determined by the State Department of Health and the County of Hawaii Department of Environmental Management.

Response: Petitioner will comply with the foregoing Condition by implementing a plan to have wastewater for the Revised Project collected from a gravity system which will be connected to an interceptor along Kuakini Highway and transported through the County system to the County of Hawaii's municipal wastewater treatment plant. The overall on-site system is planned to drain toward the northern, makai corner of the site.

Condition 6:

Archaeology.

a. Petitioner shall submit a complete inventory survey report of the Reclassified Area for the review and approval of the State Historic Preservation Division of the Department of Land and Natural Resources ("DLNR-SHPD"). Petitioner shall prepare and implement a data recovery plan, a preservation plan, a burial treatment plan, and a monitoring plan to be reviewed and approved by the DLNR-SHPD. The submittal of these plans shall be accompanied by the design plans for the Project to facilitate the development of appropriate mitigation measures.

Response: Petitioner's Archaeological Inventory Survey was approved by the DLNR-SHPD on November 17, 2003. Petitioner's Data Recovery Plan was approved by the DLNR-SHPD on April 29, 2005. Petitioner has not yet prepared a Preservation Plan. Petitioner's Burial Treatment Plan has been submitted and DLNR-SHPD approval is pending. DLNR-SHPD has not instructed Petitioner to provide a monitoring plan. When finalized, the design plans for the Revised Project will be submitted to DLNR-SHPD.

No evidence

b. Should any previously unidentified human burials, archaeological or historic sites such as artifacts, marine shell concentrations, charcoal deposits, stone platforms, pavings or walls be found, Petitioner shall stop work in the immediate vicinity and the DLNR-SHPD shall be notified immediately. The significance of these finds shall then be determined and approved by the DLNR-SHPD. Subsequent work shall proceed upon an archaeological clearance from the DLNR-SHPD when it finds that mitigative measures have been implemented to its satisfaction. Petitioner shall also comply with all applicable statutory provisions and

administrative rules regarding inadvertent burial finds within the Reclassified Area. Any mitigation and preservation shall be monitored by the KWC as described below.

Response: Petitioner will comply with the foregoing Condition as it applies to the D&O, or any amendment to such D&O. In Petitioner's Motion to Amend, Petitioner will seek deletion of the last sentence in this Condition, as it pertains to Kahu Wai'aha Committee's ("KWC") monitoring of Petitioner's mitigation and preservation plans. KWC monitoring was included as a Condition in the D&O due to the planned Cultural Center. In light of the Revised Project and the deletion of the Cultural Center, KWC monitoring should no longer be applicable.

c. The proposed mitigation commitments for all identified sites with burials shall be submitted to the DLNR-SHPD for review and comment. A burial treatment plan for those sites, to include without limitation Sites 23683, 23684 and 23685, shall then be approved by DLNR-SHPD, and a certified copy of said plan shall be filed with the Commission prior to any land alteration in the vicinity of these sites. Mitigation commitments shall be monitored by the Kahu Wai'aha Committee ("KWC").

Response: Petitioner will comply with the foregoing Condition as it applies to the D&O, or any amendment to such D&O. In Petitioner's Motion to Amend, Petitioner will seek deletion of the last sentence in this Condition, as it pertains to KWC monitoring of Petitioner's mitigation commitments. KWC monitoring was included as a Condition in the D&O due to the planned Cultural Center. In light of the Revised Project and the deletion of the Cultural Center, KWC monitoring should no longer be applicable.

d. For all sites approved by the DLNR-SHPD to undergo archaeological data recovery, an archaeological data recovery plan (scope of work) shall be prepared by Petitioner. This plan shall be approved by the DLNR-SHPD and a certified copy of said plan shall be filed with the Commission prior to any land alteration in the vicinity of these sites. The approved plan shall be monitored by the KWC.

Response: Petitioner has completed an Archaeological Data Recovery Plan, which has been approved by the DLNR-SHPD. Petitioner will provide the Commission a certified copy of the Archaeological Data Recovery Plan. In Petitioner's Motion to Amend, Petitioner will seek deletion of the last sentence in this Condition, as it pertains to KWC's monitoring of the Archaeological Data Recover Plan. KWC's monitoring was included as a Condition in the D&O due to the planned Cultural Center. In light of the Revised Project and

the deletion of the Cultural Center, KWC monitoring should no longer be applicable.

e. For all sites approved for preservation by the DLNR-SHPD, to include without limitation the Great Wall of Kuakini (Site 6302), the papamū or rough square game board (Site 23682), the agricultural heiau (Site 23681), and after completion of the finished grade for the area, at least one of the alignments for the ancient trails (Site 23679 or Site 23680), a preservation plan shall be prepared by Petitioner. (Burial sites are covered under the burial treatment plan.) This plan shall include buffer zones/interim protection measures during construction, and long-range preservation (including public access and interpretation, where appropriate). The plan shall include input from the KWC and relevant Hawaiian groups. The plan shall be approved by the DLNR-SHPD and a certified copy of said plan shall be filed with the Commission prior to any land alteration in the vicinity of these sites. The approved preservation plan shall be monitored by the KWC.

Response: Petitioner will comply with the foregoing Condition as it applies to the D&O, or any amendment to such D&O. In Petitioner's Motion to Amend, Petitioner will seek deletion of that portion of the Condition that relates to KWC's input and monitoring. KWC was included as a Condition in the D&O due to the planned Cultural Center. In light of the Revised Project and the deletion of the Cultural Center, participation by KWC should no longer be required.

f. Petitioner shall preserve the approximate alignment of at least one of the mauka-makai trail segments. Due to the difficulty of development on this site, the site grading would occur first, then the Petitioner shall reestablish a minimum of one of the two trail segments, Site 23679 (20 meter segment) or Site 23680 (ten meter segment), at a mutually agreeable site, giving allowances for building footprints, on finished grade, in consultation with the Office of Hawaiian Affairs.

Response: Petitioner will comply with the foregoing Condition as it applies to the D&O, or any amendment to such D&O.

Condition 7:

Cultural, Historical, Customary and Traditional Rights and Resources.

a. Petitioner shall initially establish and annually provide reasonable operating and capital expenditure costs or facilities through revenues from the Project, the KWC composed of: (1) a person of Native

X

Hawaiian ancestry who is a lineal descendent and knowledgeable regarding the type of cultural resources and practices within the Reclassified Area, as selected by the Executive Officer of the Commission from a list of three names based on a review of their resumes, and (2) a management member knowledgeable regarding the type of cultural resources and practices within the Reclassified Area, as selected by the Petitioner. The individuals making up the KWC shall operate on an equal vote basis.

b. The KWC shall be established by Petitioner no later than six months from the issuance of this Decision and Order. Upon establishment of the KWC, Petitioner shall provide a written report to the Commission, the Office of Planning, and the County of Hawaii with details as to its composition, structure, operating costs and compensation for members and staff, procedures, and plan of action. X

c. The KWC shall jointly decide, on an equal vote basis, monitoring and dispute resolution decisions related to the protection of native Hawaiian practitioners' exercise of customary and traditional practices and rights within the Reclassified Area; the availability of natural and cultural resources for present and future generations; and appropriate access within the Reclassified Area to the extent that these rights are protected by PASH vs. Hawaii County Planning Commission, 79 Haw. 425 (1995), in perpetuity. In the event that the two person KWC cannot agree on a specific decision, they shall jointly select a third person to break the tie. A certified description of any action requiring selection of a third member of the KWC shall be filed with the Commission.

d. The KWC shall monitor the quality of the Petitioner's actions to provide access to and/or preserve and maintain traditional and customary native Hawaiian practices and cultural resources. The KWC shall provide recommendations consistent with this Decision and Order to the Commission with respect to maintenance and/or preservation of those traditional and customary native Hawaiian practices and cultural resources.

e. The KWC shall provide reports to the Commission on an annual basis describing items and issues covered in their deliberations and any other findings and recommendations. X

f. Petitioner shall preserve and protect rights to gathering for cultural purposes, including religious practice, by providing appropriate access to burial sites and other archaeological sites within the Reclassified Area consistent with this Decision and Order. Petitioner shall adhere to

prevailing and/or published protocols of the DLNR-SHPD where these sites are found to exist, as monitored by the KWC.

Response: At this time, Petitioner has not complied with this Condition. Shortly after the D&O, and until recently, there have been numerous changes in the leadership of Petitioner and to the concepts for the Project, such changes precluding technical compliance with all of the Conditions of the D&O. In light of the Revised Project, Petitioner's Motion to Amend will seek deletion of Condition 7, as it relates to the establishment and role of KWC. For the Original Project, KWC was to be established in connection with the proposed Cultural Center. The Cultural Center is not part of the Revised Project and for that reason Petition will seek the deletion of any condition(s) that includes the establishment of, or participation or monitoring by, the KWC.

Condition 8:

Soil Erosion and Dust Control. Petitioner shall implement efficient soil erosion and dust control measures during and after the development process to the satisfaction of the State Department of Health.

Response: Petitioner will comply with the foregoing conditions as they apply to the D&O, or any amendment to such D&O.

Condition 9:

Transportation. Petitioner shall participate in the pro-rata funding and construction of local and regional transportation improvements and programs necessitated by the proposed development in designs and schedules accepted and determined by the State Department of Transportation (DOT) and County of Hawaii Department of Public Works (DPW). Agreement between the Petitioner and the DOT and DPW as to the level of funding and participation shall be obtained prior to the Petitioner obtaining County zoning, or prior to the Petitioner securing County building permits if County zoning is not required.

Response: Petitioner will comply with the foregoing conditions as they apply to the D&O, or any amendment to such D&O.

Condition 10:

Traffic. Petitioner shall, prior to the Petitioner obtaining County zoning, submit a revised Traffic Impact Analysis Report for the review and approval of the DOT and DPW, which shall include an analysis of the entire development of the existing/proposed University of the Nations-

Kona, Hualalai Village project, and the Cultural Center, as well as existing and potential future developments in the immediate area as required by the DOT and DPW.

Response: Petitioner's Revised Project does not include the Hualalai Village project or the Cultural Center. Petitioner shall seek an amendment to the foregoing Condition that will require Petitioner, concurrent with its application for County zoning, to submit a Traffic Impact Analysis Report ("TIAR") for review by the DOT and DPW. Under Petitioner's proposed amendment, Petitioner shall, prior to seeking Plan Approval, obtain approval of said TIAR from the DOT and DPW.

Condition 11:

Cultural Center. The Petitioner shall develop the Cultural Center with sensitivity to the host native Hawaiian culture, and provide for outreach and educational opportunities for the children of Hawaii. The Petitioner shall consult with the KWC and the Ka Haka 'Ula O Ke'elikolani, College of Hawaiian Language at University of Hawaii-Hilo to promote cultural sensitivity in the development of programs for the Cultural Center. Petitioner shall, prior to commencement of operations for the Cultural Center, submit a status report to the Commission for its approval on the Petitioner's traffic mitigation efforts for development of the Reclassified Area. If, for any reason, the Cultural Center does not commence operations by January 1, 2008, the Petitioner shall return to the Commission for a hearing to review compliance with the requirements of this Condition.

Response: Petitioner no longer intends to develop the Cultural Center, and will seek deletion of this Condition in its Motion to Amend.

Condition 12:

Ka Haka 'Ula O Ke'elikolani, College of Hawaiian Language at University of Hawaii-Hilo. Petitioner shall cooperate with the College of Hawaiian Language at University of Hawaii-Hilo in promoting the perpetuation of the Hawaiian language by providing distance learning opportunities for teaching the native Hawaiian language, as well as cooperating in activities that promote Hawaiian cultural authenticity.

Response: Petitioner no longer intends to develop the Cultural Center, which was the impetus for this Condition. Petitioner will seek deletion of this Condition in its Motion to Amend.

Condition 13:

Civil Defense. Petitioner shall fund and construct adequate civil defense measures serving the Reclassified Area as determined by the State of Hawaii Department of Defense-Office of Civil Defense, and the County of Hawaii Civil Defense Agency.

Response: Petitioner will comply with the foregoing conditions as they apply to the D&O, or any amendment to such D&O.

Condition 14:

Solid Waste. Petitioner shall develop a Solid Waste Management Plan in conformance with the Integrated Solid Waste Management Act, Chapter 342G, Hawaii Revised Statutes. Petitioner's Solid Waste Management Plan shall be approved by the County of Hawaii Department of Environmental Management, Solid Waste Division. The Plan shall address and encourage an awareness of the need to divert the maximum amount of waste material caused by developments away from the County's landfills.

Response: Petitioner has submitted a Solid Waste Management Plan for approval by the County of Hawaii Department of Environmental Management, Solid Waste Division.

Condition 15:

Compliance with Representations to the Commission. Petitioner shall develop the Reclassified Area in substantial compliance with the representations made by the Petitioner to the Commission in this Docket, as proposed in its Petition and in documentary evidence and testimony before the Commission. Failure to do so for any reason including economic feasibility, may result in the imposition of fines as provided by law, removal of improvements by Petitioner at Petitioner's own expense, reversion of the Reclassified Area to its former classification, a change to a more appropriate classification, or any other legal remedies.

Response: Petitioner will comply with the foregoing conditions as they apply to the D&O, or any amendment to such D&O.

Condition 16:

Notice of Change to Ownership Interests. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or

otherwise voluntarily alter the ownership interests in the Property, prior to development of the Property.

Response: Petitioner will comply with the foregoing conditions as they apply to the D&O, or any amendment to such D&O.

Condition 17:

Annual Reports. Petitioner shall timely provide without prior notice, annual reports to the Commission, the Office of Planning, and the County of Hawaii Planning Department in connection with the status of the development proposed for the Reclassified Area, and Petitioner's progress in complying with the conditions imposed. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission. The annual report shall be due prior to or on the anniversary date of the Commission's approval of the Petition.

Response: Petitioner submits this annual report to satisfy Condition 17 for 2004, 2005, and 2006.

Condition 18:

Release of Conditions Imposed by the Commission. Petitioner may seek from the Commission full or partial release of the conditions provided herein as to all or any portion of the Reclassified Area upon evidence acceptable to the Commission of satisfaction of these conditions.

Response: Upon satisfaction of the foregoing conditions, or upon satisfaction of modifications to the foregoing conditions as will be requested pursuant to Petitioner's Motion to Amend, Petitioner will petition the Commission for partial or full release of the applicable Conditions, as provided above.

Condition 19:

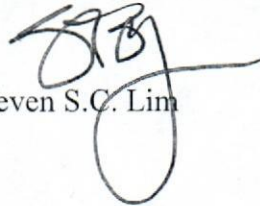
Recording of Conditions. Within seven (7) days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with Bureau of Conveyances and/or the Assistant Registrar of the Land Court of State of Hawaii, as applicable, a statement that the Reclassified Area is subject to conditions imposed by the Commission in the reclassification of the Reclassified Area, and (b) file a copy of such recorded statement with the Commission. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances and/or the Assistant Registrar of the Land Court of the State of Hawaii, as applicable, pursuant to Section 15-15-92, Hawaii Administrative Rules.

Anthony J. H. Ching
August 30, 2006
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Response: Petitioner has complied with this Condition.

Thank you for the opportunity to present University of the Nations Bencorp, now known as AEKO Hawaii's, annual report for 2004-2006. AEKO Hawaii hopes this annual report sufficiently appraises the Land Use Commission of the present status of the Subject Property. Should you need more information, please do not hesitate to contact the undersigned. Thank you for your attention.

Sincerely,



Steven S.C. Lim

SSL/1lh

xc: Office of State Planning
County of Hawaii Planning Department
George Atta, AICP, Group 70 International, Inc.
Dwayne Betsill, President of Betsill Brothers Holding Company
Warren Israelson, President of Progress Land Company, Inc.
H. James Miller, A.I.A., ABRIS LTD. Architects and Planners
Wes Reinheller, President of Medican
Ernie Wouters, Vice President of Medican
Jennifer A. Benck, Esq., Carlsmith Ball LLP

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STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
LAND USE COMMISSION
P.O. Box 2359
Honolulu, Hawaii 96804-2359
Telephone: 808-587-3822
Fax: 808-587-3827

September 20, 2006

Steven S. C. Lim, Esq.
Carlsmith Ball LLP
P.O. Box 686
Hilo Hawaii 96721-0686

Dear Mr. Lim:

Subject: LUC Docket No. A02-737/U of N Bencorp
TMK Nos.: (3) 7-5-010: 085 and 7-5-017: 006
Annual Report for 2006 (addressing 2004 and 2005)

This is in reference to the annual report dated August 30, 2006, filed in our office on September 6, 2006.

It has come to our attention that U of N Bencorp (the "Petitioner") has not complied with certain conditions imposed in the Findings of Fact, Conclusions of Law, and Decision and Order (the "D&O") dated August 8, 2003. In addition to the noncompliance of conditions generally associated with the delay in commencing site construction, the Petitioner has failed to timely comply with the following conditions:

Condition 7a: Petitioner has failed to initially establish and annually provide reasonable operating and capital expenditure costs or facilities through revenues from the Project for the Kahu Wai'aha Committee ("KWC").

Condition 7b: Petitioner has failed to establish the KWC no later than six months from the issuance of the D&O (compliance due date: February 9, 2004) and as such, the Petitioner has failed to provide a written report to the LUC, the Office of Planning, and the County of

Steven S. C. Lim, Esq.
September 20, 2006
Page 2

Hawai'i with details as to the KWC's composition, structure, operating costs and compensation for members and staff, procedures and plan of action.

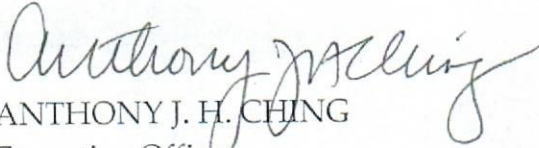
Condition 7e: The Petitioner or the KWC has failed to provide reports to the LUC on an annual basis.

Condition 17: Petitioner has failed to provide annual reports for the years 2004 and 2005. Additionally, Petitioner's annual report for 2006 was untimely filed.

We request that you or a representative of the Petitioner appear before the Land Use Commission at its meeting on November 2 & 3, 2006, to present a status report on the progress of the Project and efforts made by the Petitioner to comply with: 1) the conditions of approval imposed in the D&O, and 2) the representations and commitments made by the Petitioner in securing the district boundary amendment. You will be notified of the specific time and location prior to the meeting.

Please feel free to contact Max Rogers of my office at 587-3822, should you require clarification or any further assistance.

Sincerely,


ANTHONY J. H. CHING
Executive Officer

c: Christopher Yuen, County of Hawaii, Planning Department
Laura Thielen, State of Hawaii, Office of Planning



STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
LAND USE COMMISSION
P.O. Box 2359
Honolulu, Hawaii 96804-2359
Telephone: 808-587-3822
Fax: 808-587-3827

September 11, 2006

Mr. Christopher Yuen, Director
Department of Planning
County of Hawaii
101 Pauahi Street, Suite 3
Hilo, Hawaii 96720

Dear Mr. Yuen:

Subject: Filing of the Annual Report for 2004-2006 for LUC Docket No. A02-737/U of N
Bencorp

On September 6, 2006, the Land Use Commission received the annual report from the Petitioner filed pursuant to Condition No. 17 of the Findings of Fact, Conclusions of Law, and Decision and Order issued on August 8, 2003. As required by said conditions, we understand that the County of Hawaii, Department of Planning has been served with a copy of the annual report.

We request your assistance in reviewing the annual report and provide us with any comments you may have regarding the Petitioner's compliance with conditions. We request that any comments that your agency may have be submitted to our office with a copy to the Petitioner by October 11, 2006.

Please do not hesitate to contact Maxwell Rogers of my staff at 587-3822, should you require clarification or any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Anthony J. H. Ching".
ANTHONY J. H. CHING
Executive Officer



STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
LAND USE COMMISSION

P.O. Box 2359
Honolulu, Hawaii 96804-2359
Telephone: 808-587-3822
Fax: 808-587-3827

September 11, 2006

Steven S. C. Lim, Esq.
Carlsmith Ball LLP
121 Waianuenue Avenue
P. O. Box 686
Hilo, Hawaii 96721-0686

Dear Mr. Lim:

Subject: Filing of the Annual Report for 2004-2006 for LUC Docket No. A02-737/U of N
Bencorp

This is to acknowledge receipt of the annual report for the subject docket dated August 30, 2006. Upon completion of our review of the annual report, we will submit our comments to you, if necessary.

Please note that we have requested the County of Hawaii, Planning Department, to review and comment on the annual report, with the understanding that you have submitted a copy of the annual report to the County. Any comments they may have will be provided to you.

Please note that the annual report submitted to the LUC shall include: 1) an original annual report plus one copy, and 2) an email .pdf version of the annual report to Max Rogers, Staff Planner, at mrogers@dbedt.hawaii.gov. To initiate this procedure, we request that you send a .pdf copy of this year's annual report to Max Rogers at your earliest convenience.

Thank you for your cooperation in this annual reporting requirement. Please do not hesitate to contact Max Rogers of my staff at 587-3822, should you require clarification or any further assistance.

Sincerely,

ANTHONY J. H. CHING
Executive Officer